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SHORT INQUIRY
INTO THE
NATURE OF MONOPOLY
AND FORESTALLING.

WITH
SOME REMARKS ON THE STATUTES
CONCERNING THEM.

By EDWARD MORRIS, Esq. K
BARRISTER AT LAW.

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BY EDWARD
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A

SHORT INQUIRY
INTO THE
NATURE OF MONOPOLY, &c.

THE distress of the Poor, from the high price of provisions, has made a great impression on the Public, and induced many persons to come forward and suggest modes of relief. There is so much difficulty in remedying the present scarcity, without increasing the evil at a future period, that we must not be surpris'd at the variety of schemes which have been propos'd. It becomes us on this, as on all other occasions, to suspect the solidity of those flattering projects, which hold forth, not merely an alleviation, but a sudden and entire removal of the calamity. Every unprejudiced man will, I think, agree, that the most rational conduct, under a scarcity of the different articles of subsistence, is an early œconomy

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in the use of them. We can differ only as to the means by which this œconomy will be best secured. A mere recommendation of retrenchment in the usual consumption, is clearly too feeble to produce an adequate influence; nor can one conceive any positive injunction on the part of government, which is likely to be more efficacious. It is the design of these pages to shew, that the necessary restraint will be enforced by the operation of the corn-dealers on the price; and I hope to demonstrate, that they are more interested than any other persons in providing the market with a constant and equal supply. It seems of importance to trace the influence of their labours, and the sources of their profit, at a time when the current of popular prejudice threatens them with persecution. The ignorance of the vulgar has the support of a number of individuals, whose opinions are recommended by their rank in life, their character, and information on other subjects. “The avarice of the dealer,”—“a wicked and interested monopoly,”—and phrases of a similar tendency, are found in almost every publication. Unfortunately the mistaken policy

policy of our ancestors has furnished a sanction to the general error ; and some persons, in situations of the first distinction and responsibility, have publicly threatened to put in force laws, which were, happily, become almost obsolete. The following considerations are offered to those who wish to be rightly informed on the subject, but have not leisure to consult Adam Smith, or other works of a larger size.

In appreciating the utility of the dealers in corn, we must not confine ourselves to the immediate effect, but investigate the ultimate result of their labours. When we complain that the dealer takes grain from the market, we ought to recollect, that he only takes it thence, at one period, in order to bring it back at another. While hoarded in his granary, it produces nothing ; the re-sale is the foundation, not only of his profit, but of the requisite indemnity for the loss of the interest of his money, the rent which must be paid for warehouses, and the provision which must be made for security. He makes his purchase, with the expectation of *selling* at an advanced price ; and he will generally sell in the course of

the same year; for a reserve till the next, is a speculation obviously disadvantageous, from the uncertainty of the future crop, and the perishable nature of the commodity, in addition to the expences already enumerated. Exportation, indeed, would produce a different effect, as the merchant makes his purchase for another market; and if in France, for instance, the price were higher, he would find a more advantageous sale. But exportation is prohibited; and though there may be a difference of opinion as to the ultimate policy of the restraint, there can be none as to the difficulty of evading it. The imperfect communication between the two countries, the universal jealousy on the subject, the bulk of the commodity, and the vigilance of our cruisers, are insurmountable obstacles to any attempt of the kind. Under the present circumstances, therefore, the accumulation of the dealers cannot lessen the whole supply of the year, but will only influence the supply of any particular period.

When the season fails of its ordinary produce, the ordinary consumption must be lessened, or our stock will be exhausted before

fore the end of the year. And as the people would always consume the same quantity of corn, if they could procure it at the same rate, the necessary retrenchment must be enforced by an advance of the price. If, after a scanty harvest, the farmer should inadvertently supply the market as plentifully as in ordinary years, a certain portion must be taken thence, and accumulated for future provision. And the consequent artificial rise of the price, by restraining the consumption during the *early* months, prevents the necessity of a *still greater*, in those succeeding. This is precisely the operation of the dealer: by purchasing, he *raises* the price when *low*, in order to sell, and thereby *lower* the price when *high*. The price is either too high, or too low; when it exceeds *that* which exactly secures the consumption of the whole crop by the end of the year. When the dealer has ascertained the produce of the harvest, he is enabled to anticipate these variations; and his profit is made, by purchasing when the price is too low, and by selling when it is too high. As, in the one case, the retrenchment of the consumption is less, and in the other,

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greater than is requisite, by preventing *either excess*, he effectually serves *the nation*, as well as himself; and their interests are inseparable. The timely advance of price, which he occasions, is the foundation of his profit, and the public œconomy; and the more just his speculation, the more certain is his gain, and our alleviation. By way of example, we will suppose, that a year of ordinary produce affords a weekly consumption, within the bills of mortality, of 22,000 sacks. Should the deficiency of the whole crop require a diminution of 2000 sacks per week, the dealer takes care that the weekly supply of the London market shall be kept at 20,000. If 21,000 should be sent, he takes from it the 1000; and if only 19,000 are sent, he furnishes an additional 1000. The interest of any one dealer must be that of all. The direct tendency of their labours, therefore, is, by an equalization of the price, to correct those fluctuations of the supply, which aggravate the pressure of a scarcity. The dealer will never take grain from the market, or reserve his own, unless he foresees an advance of price at a future period; and the price will
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not advance, unless the scarcity becomes more severe. At that time, therefore, the supply of his stock is *more seasonable to the Public, than when it was withdrawn*. From the same train of reasoning, it is obvious, that the *sooner* he interferes, the greater will be the alleviation of the calamity.

Let us put the case of a private family, who, in general, use thirty quartern loaves a month. They have laid in their whole stock for that time; instead of thirty, they can only procure twenty-four; unless they retrench, at the end of twenty-four days they are left without provision for the remaining six: but an equable reduction of one-fifth of the usual allowance would have carried them through the whole month. Instead of being discovered thus early, should the necessity for this œconomy escape notice till the expiration of twelve days, they could only afford themselves two-thirds of the usual quota during the remaining eighteen, and the grievance would have been proportionably oppressive. When a voyage extends beyond its expected limit, the stock of provisions in the ship is unequal to the ordinary consumption; the
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Captain calculates what must be the reduction, to make it hold out ; and a seasonable frugality preserves the lives of his crew. Discipline, with him, produces that control over the wishes of the seamen, which in the market is effected by the advance of the price, and the operations of the dealers.

But happily their influence is still more beneficial: it extends beyond a prudent management of the actual stock in the country, and is the occasion of an additional supply. The early price points out to the merchant the state of the crop, and the advantage of importation. And as a market must be fought, and the whole voyage performed, before any aid can be derived from this channel, unless our wants are discovered by the *early* speculation of the dealers, the relief from foreign supplies will be too late. If the scarcity does not proceed from any casual failure of the crops, but from our not cultivating a sufficient quantity of wheat, the farmer sees an advantage in remedying the defect, and is furnished with the knowledge *early* enough to make it profitable to himself and the Public,

by an additional growth. And we shall find, by a reference to tables on the subject, that two or three years of scarcity have been uniformly succeeded by a more plentiful supply than before.

As the produce and population of the country is great, a considerable appropriation of capital is necessary for the corn-dealers, or the effect will be very inadequate. The poverty of the farmers, and the penalties denounced against the interference of any other persons, are the causes of the dreadful famines so frequent in our early history : the necessity for a quick return of a small capital, to pay rent, and to replace and repair stock, prevented any accumulation of corn for a future supply. The market was furnished, and of course the price and consumption continued the same, during the first months of these years of scarcity, as in those of ordinary produce. When the deficiency was perceived, the whole stock in the country had been reduced so low, that the price rose enormously, and the people sunk under the pressure of absolute want. The variations of price, in these seasons of calamity, have,

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in a few instances, been handed down to us. We find, during the reign of Edward the Confessor, that the quarter of wheat was raised to 7l. 10s. of our money; and whatever allowance is made for the failure of crops, and the effect of intestine commotion, we must be sensible, that if an advance of price had taken place earlier, the scarcity would have been rendered more supportable. Some portion of the little capital of the country was directed to this object, in the course of its progress and improvement. But in 1315, the uninformed legislature of that age interfered to resist any such influence; and the assize to regulate the price of provisions was followed by a famine. This ordinance was soon repealed; but the same prejudice and policy still subsisted. The number of persons, who embarked in so hazardous a speculation, were, of course, few, and their means very contracted. In those reigns, where the variations of price, in the course of the same year, have been preserved, we meet with the most deplorable inequalities, and may thence judge of the hardships of the people. In 1557, we find wheat at 4s. the quarter,

quarter, in the months immediately after harvest, and gradually rising to 2l. 17s. 4d.; a disproportion of sixteen to one. So that the people could only procure, in June and July, one-sixteenth of the quantity they consumed in September and October. Those who had then access to a pound, were now limited to an ounce.

In proportion to the advance of the country in wealth and knowledge, its means of accumulation have been greater; but from the dread of existing penalties and prejudices, the number of capitals thus employed are still very inadequate, and the calculations of the dealers imperfect. The harvest of last year fell considerably short of its general produce; the early consumption was not reduced in proportion to it. So far from hoarding, the dealers were *too liberal* in their supply, and our forced abstinence was the greater. The dealers, this year, seem to be better informed. The present high price of corn is a melancholy index of the failure or insufficiency of the crops; but it offers a rational, well-grounded hope of alleviation. We suffer at present; but the actual inconvenience, the retrenchment of

the consumption at this moment, protects us from a still greater at another, and is our only preservation against absolute famine.

The want of skill in the dealers at the beginning of last year, and the peculiar situation of France, are a sufficient justification of the interference of administration; and they are entitled to the thanks of the Public for it. But should they proceed, the whole system will be disturbed. The success of the dealer no longer depends on the skill of his calculation, but on the supply of government, which is precarious and arbitrary, as it is not regulated by any desire of profit. The individual merchant retires from a rivalry of this description; government, having taken the business out of his hands, would be forced to continue it; and we have seen in France, where this has been the case, the loss on the sale of grain, one of the most important articles of the public expenditure.

An interference of another kind has been recently suggested. It was proposed, in the House of Commons, to offer a bounty, as a further inducement to importation. During the infancy of any trade, when the
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returns are so flow, as to discourage an adequate appropriation of capital, a measure of this kind is plausible ; but the present high price of corn, and the certainty of sale, are of themselves sufficient, without any such aid. And as the bounty must be paid on the whole quantity imported, and not merely on the supply which is forced in consequence of it, the expence will be very considerable ; and we ought to recollect, that the people will have to pay it, ultimately, in another shape. The bare suggestion of such an idea will perhaps have done some mischief already : the merchants may be tardy, in expectation of a premium of this kind. But it is chiefly objectionable from its future tendency. Although proposed as a temporary expedient, the farmer and dealer are neither of them protected from recourse being again had to it next year ; and, by exposing their calculations to interruption and uncertainty, we substitute, for the present inconvenience, a permanent evil.

Having shewn the importance of a judicious management of the stock of the country, by the dealer, I shall now attempt to
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prove, that by means of this interference, the necessary œconomy is enforced, both with the most skill, and also at the least expence. It is material to observe, that the distinction between the farmer and dealer did not arise from any foreign influence, but is the act of the parties themselves. When the farmer, instead of journeying to market with a few sacks, sells his stock immediately to a neighbouring dealer, he has no other inducement than the sense of his own interest. He is relieved from the difficulties of a business foreign to his main employment, by the intervention of the dealer, whose sources of information, respecting the whole stock of grain in the country, are more enlarged, and whose calculations are of course more accurate.

The other consequence of this division is equally certain, though less obvious. The labourers being uninterrupted, and more skilful, there is a saving of time and labour. Fewer hands are wanted to do the same business. *A less sum is paid in wages,* and of course the market is supplied cheaper as well as better.

To give an instance, which will illustrate the advantages of this division, let us suppose the wealth and industry of London enables its inhabitants to purchase a quantity of corn, equal to a sixth of the whole produce of the country. We see how large a district is necessary to afford the requisite supply. And it is evidently impracticable for the farmer to bring his corn, from so great a distance, in his own carts. But by the interposition of the dealer, the most remote parts of the country are made to contribute to the supply of the capital.

In manufactures, from minute divisions of the work, every one knows, that fewer persons are employed on any given produce, and the consumer is charged less. Skill, in the growth of corn, or rearing of cattle, is no less distinct from that which is requisite for a judicious sale, than the making several parts of a pin, and afterwards putting them together. In all the departments of trade, we have a similar distribution. The factor and wholesale dealer are distinct from the merchant and manufacturer. It has, indeed, been said, that agriculture is not equally susceptible of
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an œconomy of time, by the division of labour. There may be too much truth in the remark: but the division here insisted on, is not between any two branches of agriculture, but between the occupation itself, and one essentially differing in its nature and requisites. And since the principle is not applicable to the extent we wish, this instance is to be the more eagerly embraced.

A jealousy of the intervention of any such persons was, nevertheless, the foundation of the statutes against “the purchase of corn while on the ground;”—“forestalling,” which is the purchase of corn or cattle, in their way to market; “regrating,” which is a re-sale in the same market, or in one less than four miles distant from the first. It was erroneously conceived, that these operations had a tendency to raise the price of the commodity, by introducing an additional labourer. But we have traced an opposite effect: and as we have seen that the interest of the dealer, in the regulation of the price, coincides with that of the Public, any restraint on the period at which he would make his purchase,
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or on the place, is an inconvenience to him, and of disservice to the community. In fact, these modes of interference are trials of skill among the different dealers; the effects of a salutary competition, by means of which, society indirectly exercises a control over these persons, through the medium of each other. So far from producing any undue influence on the price, the mistake of one is corrected by the superior intelligence of another. I have, indeed, heard it suggested, that these speculations prove sometimes erroneous; and we are made to suffer the pressure of a scarcity, which only exists in apprehension.

But from what has been said, it is obvious, that a false estimate of this kind is of greater prejudice to the dealers than to the Public. For as, by the hypothesis, the stock in the country exceeds their calculation, they will be forced to sell, what is thus unnecessarily reserved, at a less price than they might have secured by an earlier distribution.

An error of this kind may possibly happen; but as the dealers are more conversant in the business, their opinions ought to

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be preferred to those of other persons ; and as they are so deeply interested, we have, in them, the best security our situation will admit. There is another decisive answer to the objection, when we observe the number of persons who have embarked their fortunes in the pursuit, they would have desisted, if the speculation had proved unsuccessful. But the current of prejudice generally takes another channel ; and their wealth is, with equal justice, a favourite subject of complaint. On a little reflection, however, we must be convinced, that the profits of any one trade cannot long exceed those of another. The prospect of superior advantage would occasion an influx of additional capital, and attract a greater number of persons. If there had been no foreign control, the interest of the persons more immediately concerned would have secured us a supply of what we most wanted ; and a competition among themselves, would have fixed the proper limits to their profits. Unfortunately, the policy of our ancestors was of a different description : the Legislature continually interfered, and the system has been disturbed. The actual
prejudice

prejudice against Monopoly, (which is the modern term for Engrossing,) may perhaps be accounted for. Monopolies were a privilege granted by former Sovereigns to certain individuals, for the exclusive sale of particular commodities. No tax could have been more pernicious in its effect; for, as they possessed an absolute control over the market, they were enabled to limit the supply, in order to advance the price; and as this was more profitable, the interest of the seller was put in direct opposition to that of the Public.

The Monopoly of Salt, in the reign of Elizabeth, raised the price at once from 16 d. a bushel, to 14 s. and 15 s. The practice has been long since abolished; but the term is unluckily retained, and fastened on persons of a very different description. The prevalent ideas of forestalling, regrating, &c. may possibly have arisen among the people, at first, from the exercise of the prerogatives of pre-emption and purveyance, which bear an apparent resemblance. The Legislature has indeed corrected its notions on the subject. An act was passed in the 12th of the present king, which re-

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pealed

pealed the different statutes against forestalling, regrating, engrossing, &c. It recites as follows :

“ That it has been found by experience,
 “ that the restraints laid by several statutes
 “ upon the dealing in corn, meal, flour,
 “ cattle, and sundry other sorts of victuals,
 “ by preventing a free trade in the said
 “ commodities, have a tendency to discourage the growth, and to enhance the price
 “ of the same ; which statutes, if put in
 “ execution, would bring a great disttress
 “ upon the inhabitants of many parts of
 “ this kingdom, and in particular upon
 “ those of the cities of London and Westminster ; and thereupon it is enacted, that
 “ the 3 and 4 *Edw. 6. c. 21.* ; the 5 and 6
 “ *Edw. 6. c. 14.* ; the 2 and 3 *Philip and Mary, c. 3.* ; the 5 *Eliz. c. 5. and c. 12.* ;
 “ the 15 *Car. 2. c. 8. &c. &c.* and also all
 “ acts for the better enforcement of the
 “ same, being detrimental to the supply of
 “ the labouring and manufacturing Poor of
 “ this kingdom, shall be, and the same are
 “ hereby declared to be repealed.”

But by a strange omission, as these were offences at common-law, the repeal of the

different statutes alone was insufficient. The parties are left exposed to the former penalties, and only exempt from those which were laid by the acts. As these contain the description of the offence, which must be adopted by the Courts of Justice, I shall insert them.

By 5 and 6 *Edward 6. c. 14. §. 1.*—
 “ Whosoever shall buy, or cause to be
 “ bought, any merchandize, victuals, or
 “ any other thing whatsoever, coming by
 “ land or by water towards any market or
 “ fair, to be sold in the same, or coming
 “ toward any city, port, haven, creek, or
 “ road of this realm or Wales, from any
 “ ports beyond the sea, to be sold ; or make
 “ any bargain, contract, or promise for the
 “ having or buying of the same, or any
 “ part thereof, so coming as is aforesaid, be-
 “ fore the same shall be in the market, fair,
 “ city, or port, &c. ready to be sold ; or
 “ shall make any motion, by word, letter,
 “ message, or otherwise, to any person or
 “ persons, for the enhancing of the price,
 “ or dearer selling of any thing above-men-
 “ tioned, or else dissuade, move, or stir any
 “ of the things above rehearsed, to any
 “ market,

“ market, city, or port, &c. to be sold,
 “ shall be deemed a *Forestaller*.”

By 5 and 6 *Edward* 6. c. 14. s. 2.—

“ Whosoever shall by any means regrate,
 “ obtain, or get into his hands or posses-
 “ sion, in any fair or market, any corn,
 “ wine, fish, butter, cheese, candles, tal-
 “ low, sheep, lambs, calves, swine, pigs,
 “ geese, capons, hens, chickens, pigeons,
 “ conies, or other dead victuals whatso-
 “ ever, that shall be brought to any fair or
 “ market to be sold, and do sell the same
 “ again in any fair or market holden in the
 “ same place, or within four miles thereof,
 “ shall be taken for a *Regrator*.”

By 5 and 6 *Edward* 6. c. 14. s. 3.—

“ Whosoever shall engross, or get into his
 “ hands, by buying, contracting, or pro-
 “ mise-taking, other than by demise, grant,
 “ or lease of land, or tithes, any corn
 “ growing in the fields, or any other corn
 “ or grain, butter, cheese, fish, or other
 “ dead victuals whatsoever, within the
 “ realm of England, to the intent to sell the
 “ same again, shall be reputed an *unlawful*
 “ *Engrosser*.”

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We have seen that these persons have an influence the direct reverse of that which is thus denounced. But the mischief does not end here. The interference of Government strengthens the prejudices of the people; and the persons engaged in the different branches of those trades, labour under a continual proscription, and are the first victims in a moment of convulsion.

The practice of "Engrossing," indeed, has received some little protection. By the 15th of *Charles* the Second, the old restraints were taken off when the price of wheat did not exceed 48s. the quarter. But at the present price, this is of no use. And unless a statute is passed, to remove the restrictions of the common-law, and extend the principle, the labours of the dealer will be exposed to the ancient penalties.

A recurrence to all the periods of our history, will uniformly shew the mischief of imposing any restraints on the enterprise of individuals; and the pernicious operation of the law of the *maximum* and *minimum* in France, is familiar to every one.

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We have seen that these persons have an influence the direct result of that which is thus denominated. But the mischief does not end here. The influence of Government is not limited to the prevalence of the people; and the persons engaged in the different branches of those trades, labour under a continual oppression, and are the first victims in a moment of convulsion. The practice of "Flogging," indeed, has received its name from this practice. The first of these, the second, the third, the fourth, were all of which the power of the state was used. And the punishment which did not reach above the punishment of the state, this is of no use. And unless a state is willing to remove the restrictions of the common-law, and extend the principle, the labour of the dealer will be confined to the ancient position. A recurrence to all the points of law, history will not only show the necessity of changing any restriction on the exercise of the law, and the restriction of the law of the market and the law of the market is familiar to every one.

POSTSCRIPT.

SINCE the preceding Pages were sent to the press, the subject has been discussed in the House of Commons, where these principles have received the sanction of the first authority. The measures which have been proposed are so connected with the present Enquiry, that, without presuming to throw any new light, I could not avoid some further remarks on the subject :

1. The affize is, in fact, nothing more than an assessment of the profit of the baker ; for the price of the bread is constantly regulated by the price of wheat in the market. If the principles which have been just laid down, are correct, any regulation is, at best, superfluous ; for the object is effectually secured, by the competition of the tradesmen among themselves. But all the former Statutes are liable to an objection of another kind. The profit of the baker is assessed on each loaf, without any regard to
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the number which are sold. In a season of scarcity, the sale must be less than usual. The profits of the trade, therefore, have been either too great before, or are too little now. It may, however, be thought prudent to compromise a little with the prejudices of the people, on the subject of the affize, though the total abolition were very desirable.

2. The shutting up the distilleries for a still longer period, seems to require some indemnity to the persons who are the more immediate sufferers. At any rate, the exercise of a power, so injurious to a number of individuals, ought to offer a certainty of *adequate* relief to the Public. The calculations which will be laid before the Committee are the best grounds of decision.

3. The probable influence of a *bounty* on the importation of grain, has been already considered. Independent of the expence, which must be paid on the *whole* quantity imported, and not merely on the supply, forced in consequence of it, we ought to distrust any deviation from that scheme of policy, which has been shewn to be generally right;

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4. The free circulation of grain within the country, is a regulation of a different kind. No doubt can be entertained of its immediate and permanent utility. But unless the Statute *expressly* corrects the error of the old law on the subject, there may be this inconsistency: the purchasing for the purposes of circulation may be considered as illegal, while the attempt to prevent it is made felony.

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